

NAR Principles for Flood Insurance Reform

(February 2, 2016)

The National Flood Insurance Program (NFIP) was essential to completing nearly a half million home sales in 2015, according to NAR research. However, the program as currently structured is unsustainable for policyholders and taxpayers alike. For these reasons, NAR supports a strengthened NFIP coupled with a robust private market to offer choices and maintain access to flood insurance in all markets at all times. NAR believes:

- NFIP reauthorization should be long term.
- To keep rates affordable, the federal government should provide pre-disaster risk mitigation options – including guaranteed loans, grants and buyouts for property owners to build stronger or relocate to higher ground.
- Private flood insurance options should also be encouraged where cost effective, provided that NFIP remains a viable option for property owners.
- Premiums should be more accurately priced to the property specific risk, but any rate increases should be gradual and phased in over many years.
- There should be better oversight and training of insurance companies marketing NFIP policies, and an adequately supported Homeowner’s Advocate at NFIP to directly assist policy holders with rate disputes.
- Flood mapping should be done at higher resolutions with a streamlined and less expensive appeal process.